

THE GAMES

Bingo

For the fifth year in a row, wagering on bingo in Nebraska continued to decline. Bingo gross receipts for the reporting period were \$19,355,648, the lowest in 11 years. Bingo gross receipts were down four percent from the previous reporting period, and down 25 percent from their peak of \$25,803,263 in 1993.

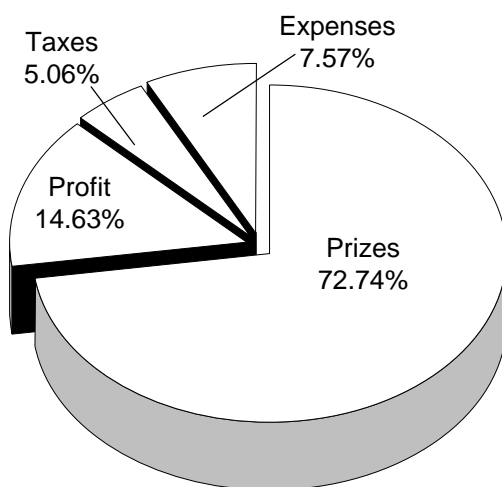
Class I receipts at \$5,334,387 were down this reporting period by 18.5 percent. This decrease is due in part to the decrease in the number of Class I bingo licensees during the reporting period, which dropped to 194 compared to 205 for the previous reporting period. Somewhat surprisingly, Class II bingo receipts (\$14,021,261) actually increased during the reporting period (up 2.9 percent) with only one additional Class II licensee (34 compared to 33). It is believed that the use of electronic bingo card monitoring devices by several of the Class II licensees is responsible for the increase in wagering seen for Class II bingo, as the use of such devices typically increases player spend per occasion. Evidence of this was shown this reporting period as the average player spend (\$19.43) was up 9.7 percent despite an overall decline in attendance of 1.2 percent.

A decrease in taxes paid for both Class I and Class II bingo licensees is reflected in the pie charts below. This is due to a legislative change which took effective October 1, 1997, whereby the state bingo tax was reduced from six to three percent of the bingo gross receipts, and the local bingo tax was reduced from two to one percent of gross receipts. Class I licensees also showed a slight decrease in bingo expenses and percent of prizes paid resulting in, coupled with the tax decrease, an increase in bingo profits (up 3.4 percent). However, despite the tax cut, Class II licensees as a whole continued to show a net loss in bingo, with expenses increasing (up 1.9 percent) and prizes decreasing (down 2.4 percent) this reporting period as compared to last.

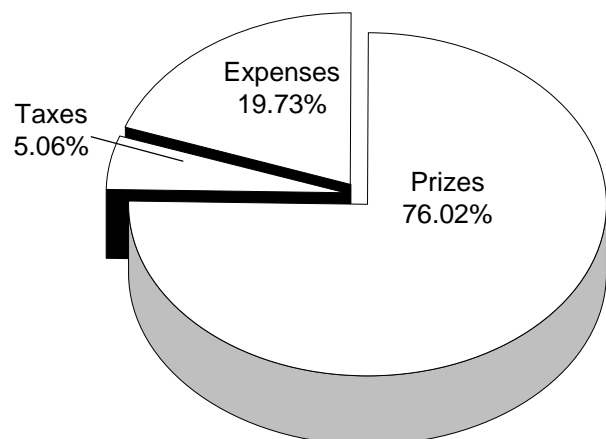
Although the figures on this page do not include attendance, wagering, prizes, or expenses for Special Event Bingo, it may be noteworthy to mention its existence. Special Event Bingo is a charitable gaming option that became available in October of 1994 which allows an organization to forego the requirement of obtaining a regular bingo license if it wants to conduct bingo only once or twice a year at a special function, such as a county fair or school fun night. As organizations have become more familiar with Special Event Bingo, many have dropped their Class I bingo licenses and obtained a Special Event Bingo permit instead. Special Event Bingo is exempt from the tax, record keeping, and reporting requirements which are in place for Class I and Class II bingo licensees. The number of Special Event Bingo permits issued during this reporting period increased by 12 percent, and in all likelihood will continue to be a factor in the decline of Class I bingo licensees as noted above.

| | CLASS I | CLASS II | TOTAL |
|-------------------------------------|-------------|--------------|--------------|
| Bingo Gross Receipts | \$5,334,387 | \$14,021,261 | \$19,355,648 |
| Prizes | 3,880,302 | 10,659,209 | 14,539,511 |
| Expenses | 403,723 | 2,766,817 | 3,170,540 |
| Taxes (3% State and 1% Local) | 269,920 | 709,476 | 979,396 |
| Profit | \$ 780,442 | \$ (114,241) | \$ 666,201 |

Class I



Class II**



| | |
|---|----------|
| Number of Occasions Conducted | 13,750 |
| Attendance Reported | 995,957 |
| Average Player Spend Per Occasion | \$19.43* |

* Does not include player spend on pickle cards sold at the bingo occasions.

** Percentage distribution exceeds 100 percent, creating net loss.

Pickle Cards

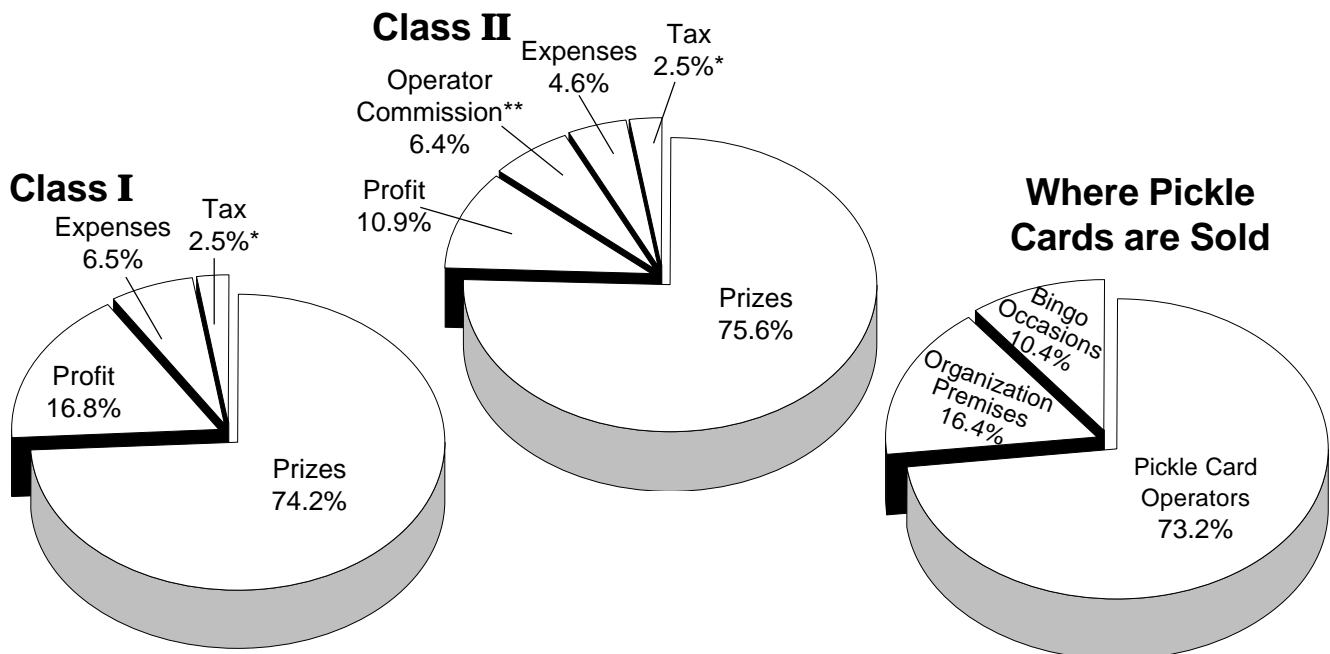
Pickle card sales in Nebraska continued to show declining numbers for the fourth consecutive year. For this reporting period, gross proceeds from the sale of pickle cards dipped to \$100,289,010, a 14.1 percent decline from the last reporting period. Overall, pickle card sales are down 43.5 percent from their peak during the 1994 reporting period when sales topped out at \$177,359,919. The number of pickle card units sold during the reporting period also declined (13.2 percent) with only 47,659 units reported sold as compared to 54,932 for the previous reporting period.

Class I licensees, those selling pickle cards only at their designated premises (club facility) and bingo occasions reported a decrease in sales of seven percent (from \$17,679,570 last year to \$16,447,398 this year). For the same period, Class II licensees, those selling primarily through pickle card operators, had a decrease in sales of 15.4 percent (from \$99,110,564 last year to \$83,841,612 for this year). The number of organizations licensed to conduct a lottery by the sale of pickle cards also decreased again this reporting period (down from 691 to 671), with decreases showing for the first time in both Class I and Class II licensees.

A majority of the pickle cards sold in Nebraska continue to be through pickle card operators, although there was a slight decrease in that percentage this reporting period (dropping from 75% to 73.2%). For the third straight year, the number of licensed pickle card operators continued to drop (from 1,620 last year to 1,551 this year). However, after suffering a 9.4 percent decrease in the number of pickle card dispensing devices registered last year, the number of devices registered jumped back up this year to 1,820, a 5.9 percent increase.

Relatively no change was seen this reporting period as compared to last with respect to the percentage distribution of pickle card gross proceeds (see pie charts below).

| | CLASS I | CLASS II | TOTAL |
|---|---------------------|---------------------|----------------------|
| Pickle Card Gross Proceeds | \$16,447,398 | \$83,841,612 | \$100,289,010 |
| Prizes | 12,203,969 | 63,384,259 | 75,588,228 |
| Operator Commissions | N/A | 5,365,863 | 5,365,863 |
| Expenses | 1,069,081 | 3,901,891 | 4,970,972 |
| Tax | 411,185 | 2,050,863 | 2,462,048 |
| Profit | \$ 2,763,163 | \$ 9,138,736 | \$ 11,901,899 |



| | |
|---|--------|
| Pickle Card Dispensing Devices Registered | 1,820 |
| Number of Pickle Card Units Sold | 47,659 |

* The statutory pickle card tax rate is ten percent of definite profit, which translates to approximately 2.5 percent of gross proceeds.

** The statutory maximum allowed for a pickle card operator commission is 30 percent of definite profit, which translates to approximately 7 percent of gross proceeds.

Lotteries and Raffles

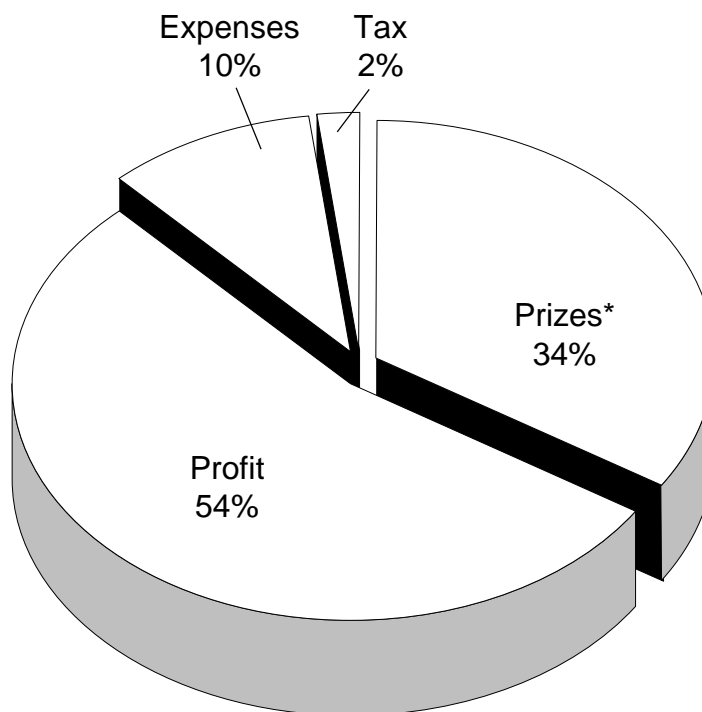
Lottery/raffle activity was once again this year the only charitable gaming program to show an increase in wagering over the previous reporting period. At a combined \$3,541,481, gross proceeds were up by 5.9 percent. Raffle (primarily merchandise prizes) gross proceeds were up 4.2 percent and lottery (primarily cash prizes) gross proceeds were up 7.2 percent. We always caution however, that due to the relatively small volume of lottery/raffle activity in comparison to the other charitable gaming activities, one or two large lotteries or raffles per reporting period can have a significant impact on the percent of increase or decrease for this program.

The total number of lottery/raffle licensees also increased this reporting period, jumping to 186, after remaining fairly constant for the past three years at around 177. This is most likely attributable to a legislative change which took effect in June of 1997, authorizing "duck races" as a form of lottery/raffle and requiring any organization wishing to conduct such an event to obtain a lottery/raffle license.

Some shifting in the percentage distributions of lottery/raffle gross proceeds was seen this reporting period, as illustrated in the pie charts below. As they did last year, prizes paid again dropped, this time from 37 percent to 34 percent. While profits remained the same at 54 percent, expenses did increase to 10 percent (a three percent increase) over the last reporting period.

It should be noted that the figures on this page represent only lotteries with gross proceeds (ticket sales) exceeding \$1,000, and raffles with gross proceeds exceeding \$5,000. Nonprofit organizations conducting lotteries or raffles with gross proceeds equal to or below these thresholds are not required to be licensed, to file reports with the Department, or pay any lottery/raffle tax. A significant number of lotteries and raffles conducted in Nebraska fall within the non-licensable category.

| | |
|-------------------------------------|--------------------|
| Lottery Gross Proceeds | \$2,018,644 |
| Raffle Gross Proceeds | 1,522,837 |
| Total Gross Proceeds | 3,541,481 |
| Prizes | 1,204,104 |
| Expenses | 354,147 |
| Total Taxes | 70,830 |
| Profit | \$1,912,400 |



* Actual prizes awarded equaled 41 percent of the total gross proceeds; however, of this 41 percent, seven percent of the prizes awarded were donated prizes.

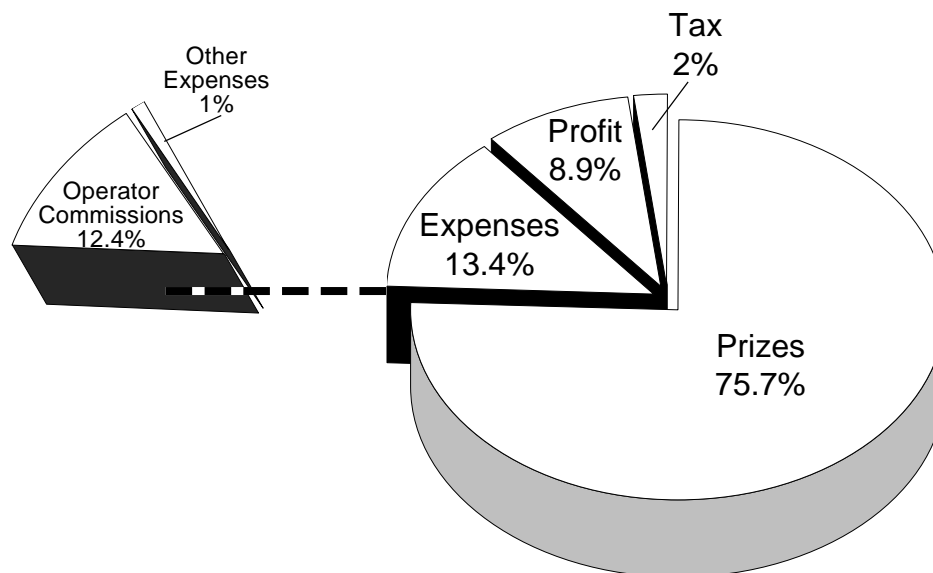
County/City Lotteries

For the third consecutive year, a decline was seen in county/city lottery (keno) wagering. Gross wagering at \$153,834,783 was down 4.2 percent from the previous reporting period. Overall, from its peak wagering of \$208,670,897 during the 1995 reporting period, county/city lottery activity has dropped by 26.3 percent and remains second only to pickle cards with respect to dollars lost to other forms of legal and illegal gambling. Communities and lottery operators are continuing to evaluate the performance of their lotteries and considering enhancements which may restore some of the handle lost to other forms of gambling or modifications which will decrease their operating overhead. Progressive jackpots and pay out adjustments are more prevalent, and some operations are opting for a computer selection of winning numbers as opposed to the more labor-intensive manual ball draw method. There continues to be concerns expressed about the statutory five-minute time requirement between games, the prohibition against player activation, and the requirement for a paper ticket.

Eight communities held an election on the establishment of a lottery during the reporting period as compared to twelve communities for the same period last year. Two of these communities defeated the issue, while six approved the operation of a lottery within their jurisdictions (see pages 12 & 13 of this report for election status details). The number of communities conducting a lottery declined during this reporting period, dropping to 132 as compared to 136 for the same period last year. It should also be noted that nine communities (Arthur County, Ashland, Belgrade, Benkelman, Indianola, Otoe, Overton, Rushville, and Silver Creek) although actively licensed, were not operating their lotteries during or at the close of this reporting period.

Virtually no change was seen this reporting period as compared to last with respect to the distribution of county/city lottery gross proceeds (see pie chart below). The percent of prizes paid showed only a minimal increase (rising from 75.5 to 75.7 percent) while profits decreased from 9.1 to 8.9 percent.

| | |
|---|----------------------|
| County/City Lottery Gross Proceeds | \$153,834,783 |
| Prizes | 116,435,866 |
| Lottery Operator Commissions | \$19,059,045 |
| Other Expenses | \$ 1,528,743 |
| Total Expenses | 20,587,788 |
| Tax | 3,076,695 |
| Profit | \$ 13,734,434 |



COUNTY/CITY LOTTERY ELECTION AND LICENSING STATUS

as of June 30, 1998

| Holding Election | Result of Election | License Issued | Status | Holding Election | Result of Election | License Issued | Status |
|------------------|--------------------|-----------------|--------------|------------------|--------------------|------------------------|--------------|
| Ainsworth | Defeated | | | Gosper County | Affirmative | Yes | Active |
| Albion | Defeated | | | Grafton | Affirmative | Yes | Active |
| Alda | Affirmative | | (b) | Grant | Affirmative | Yes | Active |
| Alliance | Affirmative | Yes | Active | Greeley | Affirmative | Yes | Active |
| Anselmo | Affirmative | Yes | Active | Greenwood | Affirmative | | (b) |
| Arthur County | Affirmative | Yes | Inactive (c) | Gretna | Affirmative | Yes | Active |
| Ashland | Affirmative | Yes | Inactive (c) | Gurley | Affirmative | | (c) |
| Auburn | Affirmative | | Inactive (c) | Haigler | Affirmative | | (c) |
| Aurora | Defeated | | | Hall County | Affirmative | Yes | Active |
| Avoca | Affirmative | Yes | Active | Hardy | Affirmative | Yes | Active |
| Banner County | Affirmative | | (b) | Harlan County | Affirmative | Yes | Active |
| Battle Creek | Affirmative | Yes | Active | Hartington | Affirmative | Yes | Active |
| Bayard | Affirmative | Yes | Active | Hastings | Affirmative | Yes | Active |
| Beatrice | Affirmative | Yes | Active (a) | Hay Springs | Affirmative | Yes | Active |
| Beaver City | Affirmative | | (b) | Hebron | Affirmative | Yes | Active |
| Beaver Crossing | Affirmative | Yes | Active (a) | Hemingford | Affirmative | Yes | Active |
| Bee | Affirmative | | (b) | Hershey | Affirmative | Yes | Active |
| Beemer | Affirmative | Yes | Active | Hickman | Defeated | | |
| Belgrade | Affirmative | Yes | Inactive (c) | Holbrook | Affirmative | Yes | Active (a) |
| Bellevue | Affirmative | Yes | Active (a) | Holdrege | Affirmative | Yes | Active |
| Belvidere | Affirmative | | Inactive (a) | Hooper | Affirmative | | (c) |
| Benedict | Affirmative | Yes | Active | Howells | Affirmative | Yes | Active |
| Benkelman | Affirmative | Yes | Inactive (c) | Hubbell | Affirmative | Yes | Active |
| Bennington | Affirmative | Yes | Active | Humboldt | Affirmative | | (b) |
| Blair | Affirmative | Yes | Active | Humphrey | Affirmative | | (b) |
| Bloomfield | Affirmative | Yes | Active | Imperial | Affirmative | | Inactive (c) |
| Bloomington | Affirmative | Yes | Active | Indianola | Affirmative | Yes | Inactive (c) |
| Blue Hill | Affirmative | | (c) | Inglewood | Affirmative | (Part of Fremont) | Active |
| Blue Springs | Affirmative | Yes | Active | Kearney | Affirmative | Yes | Active |
| Brady | Affirmative | Yes | Active | Keith County | Affirmative | Yes | Active |
| Brewster | Affirmative | | (c) | Kenesaw | Defeated | | |
| Bridgeport | Affirmative | Yes | Active | Kennard | Affirmative | | (a) |
| Brown County | Defeated | | | Kimball | Affirmative | Yes | Active |
| Brownville | Affirmative | Yes | Active | Lancaster County | Affirmative | (Part of Lincoln) | Active |
| Buffalo County | Defeated | | | LaVista | Affirmative | Yes | Active (a) |
| Burr | Affirmative | | (b) | Lewellen | Affirmative | | Inactive (c) |
| Cambridge | Affirmative | Yes | Active | Lincoln | Affirmative | Yes | Active |
| Cedar Creek | Affirmative | | Inactive (a) | Lincoln County | Affirmative | (Part of North Platte) | Active |
| Central City | Defeated | | | Lindsay | Affirmative | Yes | Active (a) |
| Chadron | Affirmative | Yes | Active | Lodgepole | Affirmative | | (c) |
| Chappell | Affirmative | | (b) | Long Pine | Affirmative | Yes | Active |
| Cheyenne County | Affirmative | Yes | Active | Lorton | Affirmative | Yes | Active |
| Clarkson | Affirmative | Yes | Active | Louisville | Affirmative | | (c) |
| Columbus | Affirmative | Yes | Active | Loup City | Affirmative | Yes | Active (a) |
| Cortland | Affirmative | | (c) | Lyman | Affirmative | Yes | Active |
| Cozad | Defeated | | | Madison | Defeated | | |
| Craig | Affirmative | | (b) | Madrid | Affirmative | Yes | Active |
| Crawford | Affirmative | Yes | Active | Maywood | Affirmative | Yes | Active |
| Creston | Affirmative | Yes | Active | McCook | Affirmative | Yes | Active |
| Crete | Affirmative | Yes | Active (a) | McGrew | Affirmative | Yes | Active |
| Dakota City | Affirmative | | Inactive (a) | Melbeta | Affirmative | | (b) |
| David City | Affirmative | Yes | Active (a) | Memphis | Affirmative | Yes | Active |
| Dawson County | Affirmative | Yes | Active | Merriman | Defeated | | |
| Denton | Affirmative | Yes | Active (a) | Minatare | Affirmative | Yes | Active |
| Deuel County | Affirmative | Yes | Active | Minden | Defeated | | |
| Dodge | Affirmative | | (c) | Monroe | Affirmative | | (b) |
| Dodge County | Affirmative | | (b) | Morrill | Defeated | | |
| Doniphan | Affirmative | Yes | Active | Morse Bluff | Affirmative | Yes | Active (a) |
| Douglas County | Affirmative | (Part of Omaha) | Active (a) | Mullen | Affirmative | | (a) |
| Duncan | Affirmative | Yes | Active (a) | Nebraska City | Defeated | | |
| Dwight | Affirmative | Yes | Active (a) | Nehawka | Affirmative | Yes | Active |
| Eagle | Affirmative | Yes | Active | Neligh | Affirmative | | Inactive (c) |
| Elkhorn | Affirmative | Yes | Active (a) | Norfolk | Defeated | | |
| Elwood | Affirmative | | (b) | North Bend | Affirmative | Yes | Active |
| Ericson | Affirmative | Yes | Active | North Platte | Affirmative | Yes | Active |
| Exeter | Affirmative | Yes | Active | Odell | Affirmative | | (b) |
| Fairbury | Affirmative | Yes | Active | Omaha | Affirmative | Yes | Active (a) |
| Fairfield | Affirmative | Yes | Active (a) | O'Neill | Affirmative | Yes | Active |
| Fairmont | Affirmative | | (b) | Ong | Affirmative | Yes | Active |
| Falls City | Defeated | | | Ord | Defeated | | |
| Fillmore County | Affirmative | | | Osceola | Defeated | | |
| Fort Calhoun | Affirmative | Yes | Active (a) | Oshkosh | Affirmative | | (c) |
| Franklin | Affirmative | Yes | Active | Osmond | Defeated | | |
| Fremont | Affirmative | Yes | Active | Otoe | Affirmative | Yes | Inactive (c) |
| Fullerton | Affirmative | | Inactive (a) | Overton | Affirmative | Yes | Inactive (c) |
| Gage County | Affirmative | | (b) | Oxford | Affirmative | Yes | Active (a) |
| Geneva | Defeated | | | Palisade | Affirmative | Yes | Active |
| Genoa | Affirmative | | (b) | Palmer | Defeated | | |
| Gering | Affirmative | Yes | Active | Papillion | Affirmative | Yes | Active (a) |
| Goehner | Affirmative | | Inactive (c) | Pawnee City | Affirmative | | Inactive (a) |

| Holding Election | Result of Election | License Issued | Status | Holding Election | Result of Election | License Issued | Status |
|---------------------|--------------------|----------------|--------------|-------------------|--------------------|----------------|--------------|
| Peru | Affirmative | | (b) | Sterling | Affirmative | | Inactive (c) |
| Platte Center | Affirmative | | Inactive (a) | Stuart | Affirmative | Yes | Active |
| Plattsmouth | Affirmative | Yes | Active (a) | Superior | Affirmative | Yes | Active |
| Pleasant Dale | Affirmative | Yes | Active | Sutherland | Affirmative | Yes | Active |
| Polk | Defeated | | | Sutton | Defeated | | |
| Potter | Affirmative | Yes | Active | Syracuse | Affirmative | Yes | Active |
| Prague | Affirmative | Yes | Active | Talmage | Affirmative | | (b) |
| Ralston | Affirmative | Yes | Active (a) | Tecumseh | Affirmative | Yes | Active |
| Randolph | Affirmative | Yes | Active | Terrytown | Affirmative | Yes | Active |
| Ravenna | Affirmative | | Inactive (a) | Trenton | Affirmative | Yes | Active |
| Raymond | Affirmative | Yes | Active | Unadilla | Affirmative | Yes | Active |
| Roca | Affirmative | Yes | Active | Utica | Defeated | | |
| Rulo | Affirmative | Yes | Active (a) | Valentine | Defeated | | |
| Rushville | Affirmative | Yes | Inactive (a) | Valley | Affirmative | Yes | Active |
| St. Edward | Affirmative | | (a) | Valley County | Affirmative | | (a) |
| Sargent | Affirmative | | (b) | Valparaiso | Affirmative | Yes | Active |
| Sarpy County | Affirmative | Yes | Active | Verdon | Affirmative | | Inactive (c) |
| Schuyler | Affirmative | Yes | Active (a) | Waco | Affirmative | Yes | Active |
| Scotts Bluff County | Affirmative | Yes | Active (a) | Wahoo | Affirmative | Yes | Active |
| Scribner | Affirmative | Yes | Active (a) | Wallace | Affirmative | | (c) |
| Seward | Defeated | | | Walthill | Affirmative | | Inactive (a) |
| Seward County | Defeated | | | Washington County | Affirmative | | (c) |
| Shelby | Affirmative | | (b) | Waterloo | Affirmative | Yes | Active |
| Shelton | Affirmative | | (c) | Wauneta | Affirmative | Yes | Active |
| Sidney | Defeated | | | Waverly | Affirmative | Yes | Active |
| Silver Creek | Affirmative | Yes | Inactive (a) | Wayne | Affirmative | | (a) |
| Smithfield | Affirmative | | (b) | West Point | Defeated | | |
| Snyder | Affirmative | | (a) | Wilber | Affirmative | | (c) |
| South Bend | Affirmative | | (b) | Wisner | Defeated | | |
| South Sioux City | Affirmative | Yes | Active (a) | Wolbach | Affirmative | | (c) |
| Spalding | Affirmative | Yes | Active | Wymore | Defeated | | |
| Sprague | Affirmative | | Inactive (c) | Wynot | Affirmative | Yes | Active |
| Springfield | Affirmative | Yes | Active | Yutan | Affirmative | | (b) |
| Stanton | Affirmative | | Inactive (c) | | | | |

(a) Election valid anytime

(b) Election expired

(c) Election subject to expiration

LOTTERIES LICENSED BY COUNTY

as of June 30, 1998

| | | | | |
|-----------------------|--------------------------|-----------------------|--------------------------|--------------------------|
| Adams | Dakota | Gosper | Merrick | Saunders |
| City of Hastings | City of South Sioux City | Gosper County | Village of Silver Creek* | City of Ashland* |
| Arthur | Dawes | Greeley | Morrill | Village of Memphis |
| Arthur County* | City of Chadron | Village of Greeley | City of Bayard | Village of Morse Bluff |
| Box Butte | City of Crawford | Village of Spalding | City of Bridgeport | Village of Prague |
| City of Alliance | Dawson | Hall | Nance | Village of Valpariso |
| Village of Hemingford | Dawson County | Village of Doniphan | Village of Belgrade* | City of Wahoo |
| Brown | Village of Overton* | Hall County | Nemaha | Scotts Bluff |
| City of Long Pine | Deuel | Harlan | Village of Brownville | City of Gering |
| Buffalo | Deuel County | Harlan County | Nuckolls | Village of Lyman |
| City of Kearney | Dodge | Hitchcock | Village of Hardy | Village of McGrew |
| Butler | City of Fremont | Village of Palisade | City of Superior | City of Minatare |
| City of David City | Village of Inglewood | Village of Trenton | Otoe | Scotts Bluff County |
| Village of Dwight | City of North Bend | Holt | Village of Lorton | Village of Terrytown |
| Cass | City of Scribner | City of O'Neill | Village of Otoe* | Seward |
| Village of Avoca | Douglas | Village of Stuart | City of Syracuse | Village of Beaver |
| Village of Eagle | City of Bennington | Jefferson | Village of Unadilla | Crossing |
| Village of Nehawka | Douglas County | City of Fairbury | Perkins | Village of Pleasant Dale |
| City of Plattsmouth | City of Elkhorn | Johnson | City of Grant | Sheridan |
| Cedar | City of Omaha | City of Tecumseh | Village of Madrid | City of Hay Springs |
| City of Hartington | City of Ralston | Keith | Phelps | City of Rushville* |
| City of Randolph | City of Valley | Keith County | Platte | Sherman |
| Village of Wynot | Village of Waterloo | Kimball | City of Columbus | City of Loup City |
| Chase | Dundy | City of Kimball | Village of Creston | Thayer |
| City of Imperial* | City of Benkelman* | Knox | Village of Duncan | City of Hebron |
| Village of Wauneta | Filmore | City of Bloomfield | Village of Lindsay | Village of Hubbell |
| Cheyenne | Village of Exeter | Lancaster | Red Willow | Washington |
| Cheyenne County | Village of Grafton | Village of Denton | City of Indianola* | City of Blair |
| Village of Potter | Franklin | Lancaster County | City of McCook | City of Fort Calhoun |
| Clay | Village of Bloomington | City of Lincoln | Richardson | Wheeler |
| City of Fairfield | City of Franklin | Village of Raymond | Village of Rulo | Village of Ericson |
| Village of Ong | Frontier | Village of Roca | Saline | York |
| Colfax | Village of Maywood | City of Waverly | City of Crete | Village of Benedict |
| City of Clarkson | Furnas | Lincoln | Sarpy | Village of Waco |
| Village of Howells | City of Cambridge | Village of Brady | City of Bellevue | |
| City of Schuyler | Village of Holbrook | Village of Hershey | City of Gretna | |
| Cuming | Village of Oxford | Lincoln County | City of LaVista | |
| Village of Beemer | Gage | City of North Platte | City of Papillion | |
| Custer | City of Beatrice | Village of Sutherland | Sarpy County | |
| Village of Anselmo | City of Blue Springs | Madison | City of Springfield | |
| | | City of Battle Creek | | |

* Licensed but inactive